

Message Text

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ACTION IO-14

INFO OCT-01 AGR-20 RSC-01 AID-20 EB-11 ISO-00 COME-00

ABF-01 OMB-01 TRSE-00 IOE-00 AF-10 ARA-16 EA-11

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FM AMEMBASSY ROME

TO SECSTATE WASHDC PRIORITY 1679

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FODAG

E.O. 11652: N/A

TAGS: OCON, EAGR, FAO

SUBJECT: FAO BUDGET; SUSPENSE ACCOUNT

FROM US DEL TO FAO COUNCIL

REF: A. ROME 12062; B. ROME 12143

1. USDEL MEMBERS MET NOVEMBER 5 WITH EDWARD WEST, DIRECTOR FAO PROGRAM FORMULATION AND BUDGET, AT HIS REQUEST. WEST CONCERNED ABOUT REPORT DG BOERMA RECEIVED DURING RECENT VISIT TO WASHINGTON THAT US WOULD NOT BE ABLE MAKE FINAL CY 1973 PAYMENT OF ASSESSMENT BEFORE END OF YEAR. HE SAID THIS WOULD COMPLICATE PROPOSAL DG WOULD MAKE TO COUNCIL TO INCREASE SUSPENSE ACCOUNT RECOMMENDED BY 60TH COUNCIL FROM \$4 MILLION TO \$5.66 MILLION. INCREASE WOULD PROVIDE FOR FORESEEABLE CONTINGENCY THAT RESULTS CURRENT SURVEY GS SALARIES WOULD REQUIRE RETROACTIVE 5 PERCENT PERIODIC INCREASES INSTEAD TO 3 PERCENT CURRENTLY REQUIRED. WEST SAID SURVEY RESULTS NOT CONSIDERED LIKELY TO REQUIRE 5 PERCENT INCREASE, BUT DG WANTED AMENDMENT IN ORDER PROVIDE ASSURANCE TO GS STAFF THAT PROVISION FOR INCREASE MADE IF RESULTS OF SURVEY IN THEIR FAVOR. AMENDMENT WOULD INCREASE PORTION OF SUSPENSE ACCOUNT AVAILABLE (ON PRIOR APPROVAL FINANCE COMMITTEE AND COUNCIL) FOR UNBUDGETED

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"NON-CURRENCY" COSTS FROM \$2 MILLION TO \$3,660,000. WEST EXPLAINED

THAT WITHOUT FINAL US PAYMENT BEFORE JANUARY 1 CASH SURPLUS ANTICIPATED FROM 1972-73 WOULD NOT BE SUFFICIENT TO RAISE SUSPENSE ACCOUNT TO PROPOSED \$5.66 MILLION LEVEL. WEST ASKED FOR US REACTION.

2. USDEL SPIKESMAN (MILLS) SAID HE UNAWARE SOURCE BOERMA'S INFORMATION ABOUT DELAY IN US PAYMENT, BUT USDEL HAD ALREADY REQUESTED CONFIRMATION (RETEL) THAT FINAL PAYMENT SCHEDULED BESVRE END OF YEAR. HE SAID SUSPENSE ACCOUNT IDEA HAD BEEN ACCEPTED WITH RELUCTANCE BY US AND PROSPECT NOT GOOD THAT US WOULD FAVOR INCREASE UNLESS ACCOMPANIED BY SUBSTANTIAL REDUCTION \$108.5 MILLION BUDGET REQUEST PROPOSED BY DG. IN THAT CASE, INCREASE IN RISK OF UNBUDGETED OBLIGATIONS MIGHT JUSTIFY INCREASE, BUT USDEL WOULD HAVE TO CHECK.

3. WEST SAID HE SAW LITTLE POSSIBILITY AN SIGNIFICANT DECREASE IN BUDGET LEVEL, BUT DG MIGHT BE WILLING TO GIVE A LITTLE IF SUSPENSE ACCOUNT INCREASE APPROVED. WHEN USDEL EXPRESSED CONCERN ABOUT BUDGET LEVEL, WEST OFFERED NO HOPE DG WOULD BACK DOWN. HE EXPRESSED SURPRISE AT US ATTITUDE INVIEW APPROVAL GENEROUS UNESCO SUPPLEMENTAL BUDGET AND POSSIBLE ADVERSE EFFECT CONFRONTATION ON THIS ISSUE MIGHT HAVE ON US EFFORT REDUCE ASSESSMENT SHARE TO 25 PERCENT. USDEL EXPRESSED DISAPPPOINTMENT FAO SECRETARIAT HAD NOT AVOIDED THIS ISSUE BY KEEPING BUDGET REQUEST CLOSER TO \$101.5 MILLION LEVEL REVIEWED BY 60TH COUNCIL.

4. SEE REF (B) FOR FURTHER COMMENT AND REQUEST FOR INSTRUCTIONS. VOLPE

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